

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | |
|---|--------------------------------|--|------------------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name Hastings Charter Township | County Barry |
| Audit Date 12/31/05 | Opinion Date 4/19/06 | Date Accountant Report Submitted to State: 5/16/06 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

| We have enclosed the following: | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | | | ✓ |
| Reports on individual federal financial assistance programs (program audits). | | | ✓ |
| Single Audit Reports (ASLGU). | | | ✓ |

| | | | |
|--|-------------------------|------------------------|---------------------|
| Certified Public Accountant (Firm Name) Walker, Fluke & Sheldon, PLC | | | |
| Street Address 525 W Apple St | City Hastings | State MI | ZIP 49058 |
| Accountant Signature <i>Walker, Fluke & Sheldon, PLC</i> | | Date 5/16/06 | |

HASTINGS CHARTER TOWNSHIP
FINANCIAL STATEMENTS
For the year ended December 31, 2005

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Hastings Charter Township
Barry County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hastings Charter Township, Barry County, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hastings Charter Township, Barry County, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Hastings Charter Township, Barry County, Michigan, as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Hastings Charter Township's basic financial statements. The accompanying additional supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements of Hastings Charter Township, Barry County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Hastings, Michigan
April 19, 2006

Walker, Fluke & Sheldon, PLC

Hastings Charter Township Management Discussion and Analysis

As the Township Board of Hastings Charter Township, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Hastings Charter Township for the fiscal year ended December 31, 2005. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Township. We encourage readers to consider this information in conjunction with the letter or transmittal, which begins on page 1, and the financial statements, which begin on page 7.

Financial Highlights

- The assets of Hastings Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$1,299,593 (net assets) compared to \$1,260,705 last year. Of this amount, \$891,893 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$38,888, compared to an increase of \$26,268 last year.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$952,699 an increase of \$8,402 compared to an ending fund balance of \$944,297, an increase of \$17,619 from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$598,607 or 192% of total general fund expenditures. In 2004 the unreserved fund balance for the general fund was \$611,827 or 200% of total general fund expenditures. This demonstrates the Township's fiscal discipline and places the Township in a strong financial position to meet unexpected emergencies, uncertainties at the State level or the general slowdown of the economy.

Overview of the Financial Statements

Hastings Charter Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., state shared revenue).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include legislative, general government, public safety, public works, recreation and cultural and other.

The government-wide financial statements can be found on pages 7-8 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hastings Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Hastings Charter Township maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Library Fund, which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

Fiduciary funds. Fiduciary funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include: (a) Expendable Trust Funds; (b) Nonexpendable Trust Funds; (c) Pension Trust Funds; and (d) Agency Funds.

The basic fiduciary fund financial statements can be found on page 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 14-21 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Township adopts an annual budget for its general fund and library fund. Within the required supplementary information, a budget comparison statement has been provided for these funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 22-24 of this report.

Individual fund statements and schedules are presented immediately following the required supplementary information on budgets on pages 25-29.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Hastings Charter Township, assets exceeded liabilities by \$1,299,593 at the close of the most recent fiscal year.

By far the most significant portion of the Township's net assets (69 percent) reflects its unrestricted net assets (\$891,893), which may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the Township's net assets (22 percent) reflects restricted net assets (\$284,738), which are resources that are subject to external restrictions on how they may be used. The remaining portion of the Township's net assets (9 percent) reflects its investment in capital assets (\$122,962) (e.g. land, buildings, equipment, furniture and fixtures). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Hastings Charter Township's Condensed Financial Data

| | 2005 Governmental Activities | 2004 Govenmental Activities |
|--|---|--|
| Current and Other Assets | \$ 1,176,631 | \$ 1,087,889 |
| Capital Assets | <u>122,962</u> | <u>172,816</u> |
| Total Assets | <u>1,299,593</u> | <u>1,260,705</u> |
| Long-Term Liabilities | - | - |
| Other Liabilities | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>-</u> | <u>-</u> |
| Net Assets: | | |
| Invested in Capital Assets, Net of related debt | 122,962 | 128,109 |
| Restricted | 284,738 | 341,804 |
| Unrestricted | <u>891,893</u> | <u>790,792</u> |
| Total Net Assets | <u>\$ 1,299,593</u> | <u>\$ 1,260,705</u> |
| Program Revenues | | |
| Charges for Services | \$ 4,000 | \$ 5,400 |
| General Revenues | | |
| Property Taxes | 170,053 | 178,458 |
| State Grants | 204,299 | 204,856 |
| Licenses and Permits | 2,574 | 2,702 |
| Investment Income | 17,833 | 16,688 |
| Gain on Equity Interest in Joint Ventures | 36,783 | 1,770 |
| Other | <u>15,002</u> | <u>19,923</u> |
| Total Revenues | <u>450,544</u> | <u>429,797</u> |
| Program Expenses | | |
| Legislative | 21,972 | 20,229 |
| General Government | 129,853 | 126,251 |
| Public Safety | 77,996 | 100,859 |
| Public Works | 72,684 | 55,681 |
| Health and Welfare | 2,100 | - |
| Recreational and Cultural | 99,558 | 93,334 |
| Other | <u>7,493</u> | <u>7,175</u> |
| Total Expenses | <u>411,656</u> | <u>403,529</u> |
| Change in Net Assets | <u>\$ 38,888</u> | <u>\$ 26,268</u> |

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental activities. Governmental activities increased the Township's net assets by \$38,888 due to continued controlled responsible spending by the Township Board.

For the most part, expenses were comparable with prior year. Fire services increased due to a change in the contract with BIRCH Rural Fire Department. The new contract has fire services split 50/50 between

the City of Hastings and the Townships. The old contract had fire services split 60/40 between the City of Hastings and the Townships. Police services dropped significantly as the contract with the Sheriff's Department was not renewed. Highways and streets increased due to Township Board approving more projects. The Township no longer has a contract for police services and has no plans to enter into a contract.

Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$952,699 an increase of \$8,402. Last year, the Township's governmental funds combined ending fund balance was \$944,297, which was an increase of \$17,619.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance for the general fund was \$598,607. Unreserved general fund balance represents 192% of the total general fund expenditures. In the prior year, the unreserved fund balance was \$611,827, which represented 200% of the total general fund expenditures.

The fund balance of the Township's general fund increased by \$2,452 during the current year, compared to an increase of \$10,785 in the prior year.

General Fund Budgetary Highlights

The revenue budget did not vary between the original budget and the final amended general fund budget. The expenditures increased \$16,180 between the original budget and the final budget. The majority of the increase in appropriations can be summarized with the following increases and decreases:

- \$5,000 increase to the legislative
- \$6,915 increase to general government
- \$2,100 increase to health and welfare

The majority of budget amendments were due to normal increases in the general day to day operations of the Township.

Capital Assets

The Township's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$122,962 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements, equipment, furniture and fixtures.

There were no major capital outlay expenditures during the year. Details of the Township's capital assets are continued in the notes to financial statements on page 20.

Economic Factors and Next Year's Budgets and Rates

Budget assumptions: The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State shared revenues are expected to decrease in the calendar year. The Township budgeted for a decrease in state-shared revenue. Land impact fees continue to decrease because lower fees are available transporting material longer distances. With increases in fuel prices, land impact fees may start to increase due to increased costs to transport longer distances. The Township's millage rate will remain the same. The taxable value will increase, thus bringing in more tax revenue. The Township has a 5-year plan in place to spend between \$85,000 and \$90,000 per year on highways and streets. The Township is also working with the City of Hastings, other local Townships and a consulting firm to create an urban growth strategy. The cost of this is estimated at \$15,000, which will be paid by either the Township, or through grant money.

The Township also plans on improving a tract of land that it owns to better serve its residents. These factors were considered in preparing the Township's budget for the 2005-2006 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Hastings Charter Township's finances for all those with an interest in the township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the (Supervisor/Treasurer/Clerk), Hastings Charter Township, 855 River Road, Hastings, MI 49058. 269-948-9690

HASTINGS CHARTER TOWNSHIP
GOVERNMENT WIDE STATEMENT OF NET ASSETS
December 31, 2005

| | Primary Government | |
|--|---------------------------|-------------------------|
| | Governmental | |
| ASSETS | Activities | Total |
| Cash and Cash Equivalents | \$ 82,670 | \$ 82,670 |
| Investments | 454,443 | 454,443 |
| Receivables | | |
| Taxes | 87,389 | 87,389 |
| Other | 1,274 | 1,274 |
| Due From State | 66,907 | 66,907 |
| Due From Other Funds | 81,811 | 81,811 |
| Restricted Assets | 192,537 | 192,537 |
| Investment in Joint Venture | 209,600 | 209,600 |
| Capital Assets (Net of Accumulated Depreciation) | <u>122,962</u> | <u>122,962</u> |
| Total Assets | <u>1,299,593</u> | <u>1,299,593</u> |
| LIABILITIES | | |
| Liabilities | | |
| Accounts Payable | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>-</u> | <u>-</u> |
| NET ASSETS | | |
| Net Assets | | |
| Invested in Capital Assets, Net of Related Debt | 122,962 | 122,962 |
| Restricted-Library | 92,201 | 92,201 |
| Restricted-Improvements | 192,537 | 192,537 |
| Unrestricted | <u>891,893</u> | <u>891,893</u> |
| Total Net Assets | <u>\$ 1,299,593</u> | <u>\$ 1,299,593</u> |

The Notes to Financial Statements are an integral part of this statement.

HASTINGS CHARTER TOWNSHIP
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

| Functions/Programs | Expenses | Program Revenues | Net (Expense) Revenue and Changes in Net Assets | |
|---|-------------------|-------------------------|--|---------------------|
| | | | Primary Government | |
| | | Charges for Services | Governmental Activities | Total |
| Primary Government | | | | |
| Governmental Activities | | | | |
| Legislative | \$ 21,972 | \$ - | \$ (21,972) | \$ (21,972) |
| General Government | 129,853 | 4,000 | (125,853) | (125,853) |
| Public Safety | 77,996 | - | (77,996) | (77,996) |
| Public Works | 72,684 | - | (72,684) | (72,684) |
| Health and Welfare | 2,100 | - | (2,100) | (2,100) |
| Recreational and Cultural | 99,558 | - | (99,558) | (99,558) |
| Other | 7,493 | - | (7,493) | (7,493) |
| Total Governmental Activities | <u>411,656</u> | <u>4,000</u> | <u>(407,656)</u> | <u>(407,656)</u> |
| Total Primary Government | <u>\$ 411,656</u> | <u>\$ 4,000</u> | <u>(407,656)</u> | <u>(407,656)</u> |
| General Revenues | | | | |
| Taxes | | | | |
| Property | | | 50,100 | 50,100 |
| Property Reserved for Library | | | 101,300 | 101,300 |
| Mobile Home | | | 256 | 256 |
| Collection Fees | | | 18,397 | 18,397 |
| State Grants | | | | |
| State Shared Revenue | | | 200,379 | 200,379 |
| Other | | | 3,920 | 3,920 |
| Licenses and Permits | | | 2,574 | 2,574 |
| Investment Income | | | 17,833 | 17,833 |
| Other | | | 15,002 | 15,002 |
| Gain on Equity Interest in Joint Ventures | | | <u>36,783</u> | <u>36,783</u> |
| Total General Revenues and Transfers | | | <u>446,544</u> | <u>446,544</u> |
| Change in Net Assets | | | 38,888 | 38,888 |
| Net Assets-Beginning | | | <u>1,260,705</u> | <u>1,260,705</u> |
| Net Assets-Ending | | | <u>\$ 1,299,593</u> | <u>\$ 1,299,593</u> |

The Notes to Financial Statements are an integral part of this statement.

**HASTINGS CHARTER TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
December 31, 2005**

| | | Library | Total |
|---|-----------------------|-----------------------|-----------------------|
| ASSETS | General | Fund | Governmental |
| | | | Funds |
| Cash and Cash Equivalents | \$ 82,670 | \$ - | \$ 82,670 |
| Investments | 454,443 | - | 454,443 |
| Receivables | | | |
| Taxes | 34,171 | 53,218 | 87,389 |
| Other | 1,274 | - | 1,274 |
| Due From State | 66,907 | - | 66,907 |
| Due From Other Funds | 34,203 | 47,608 | 81,811 |
| Retricted Assets | <u>192,537</u> | <u>-</u> | <u>192,537</u> |
| Total Assets | <u>\$ 866,205</u> | <u>\$ 100,826</u> | <u>\$ 967,031</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Deferred Revenue | <u>\$ 5,707</u> | <u>\$ 8,625</u> | <u>\$ 14,332</u> |
| Total Liabilities | <u>5,707</u> | <u>8,625</u> | <u>14,332</u> |
| Fund Balances | | | |
| Unreserved-Undesignated | 598,607 | 92,201 | 690,808 |
| Designated-Roads | 69,354 | - | 69,354 |
| Reserved-Improvements | <u>192,537</u> | <u>-</u> | <u>192,537</u> |
| Total Fund Balances | <u>860,498</u> | <u>92,201</u> | <u>952,699</u> |
| Total Liabilities and Fund Balance | <u>\$ 866,205</u> | <u>\$ 100,826</u> | <u>\$ 967,031</u> |

The Notes to Financial Statements are an integral part of this statement.

**HASTINGS CHARTER TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2005**

| | | |
|--|---------------|---------------------|
| Total Fund Balance | | \$ 952,699 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds | | |
| Governmental capital assets | \$ 194,221 | |
| Less: Accumulated Depreciation | <u>71,259</u> | 122,962 |
| Investment in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds | | |
| | | 209,600 |
| Deferred revenues reported in governmental funds are recognized as revenues in the governmental activities | | |
| | | <u>14,332</u> |
| Net Assets of Governmental Activities | | <u>\$ 1,299,593</u> |

The Notes to Financial Statements are an integral part of this statement.

HASTINGS CHARTER TOWNSHIP
GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2005

| | <u>General</u> | <u>Library Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------|-------------------------|---|
| Revenues | | | |
| Taxes and Penalties | \$ 69,194 | \$ 102,008 | \$ 171,202 |
| Licenses and Permits | 2,574 | - | 2,574 |
| State Grants | 204,299 | - | 204,299 |
| Charges for Services | 4,000 | - | 4,000 |
| Interest and Rents | 17,833 | - | 17,833 |
| Other Revenue | <u>15,002</u> | <u>-</u> | <u>15,002</u> |
| Total Revenues | <u>312,902</u> | <u>102,008</u> | <u>414,910</u> |
| Expenditures | | | |
| Current | | | |
| Legislative | 21,972 | - | 21,972 |
| General Government | 124,705 | - | 124,705 |
| Public Safety | 77,996 | - | 77,996 |
| Public Works | 72,684 | - | 72,684 |
| Health and Welfare | 2,100 | - | 2,100 |
| Recreational and Cultural | 3,500 | 96,058 | 99,558 |
| Other | <u>7,493</u> | <u>-</u> | <u>7,493</u> |
| Total Expenditures | <u>310,450</u> | <u>96,058</u> | <u>406,508</u> |
| Excess of Revenues Over (Under) Expenditures | 2,452 | 5,950 | 8,402 |
| Fund Balance-January 1, 2005 | <u>858,046</u> | <u>86,251</u> | <u>944,297</u> |
| Fund Balance-December 31, 2005 | <u>\$ 860,498</u> | <u>\$ 92,201</u> | <u>\$ 952,699</u> |

The Notes to Financial Statements are an integral part of this statement.

HASTINGS CHARTER TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

| | | |
|--|-----------|----------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 8,402 |
| Net changes in revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds | | (1,149) |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives: | | |
| Expenditures for capital assets | \$ | - |
| Less: Current year depreciation | | <u>5,148</u> |
| | | (5,148) |
| Change in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds | | <u>36,783</u> |
| Change in Net Assets of Governmental Funds | \$ | <u>38,888</u> |

The Notes to Financial Statements are an integral part of this statement.

HASTINGS CHARTER TOWNSHIP
FIDUCIARY FUNDS - STATEMENT OF NET ASSETS
December 31, 2005

| ASSETS | Trust and Agency |
|--------------------------------------|-----------------------------|
| Cash and Cash Equivalents | \$ 123,890 |
| Total Assets | <u>\$ 123,890</u> |
| LIABILITIES | |
| Liabilities | |
| Due to Other Funds | \$ 81,811 |
| Due to Other Units of Government: | |
| Due to Barry County | 12,576 |
| Due to Intermediate School Districts | 4,446 |
| Due to Schools | <u>25,057</u> |
| Total Liabilities | <u>\$ 123,890</u> |

The Notes to Financial Statements are an integral part of this statement.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2005**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hastings Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Hastings Charter Township:

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Township's activities

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

REPORTING ENTITY

Hastings Charter Township is situated in Barry County near the City of Hastings. The Township operates under an elected board of seven members and provides services to residents in many areas including fire protection, library and general government services. Education services are provided to citizens through several local school districts, which are separate governmental entities. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Township, there are no component units to be included in these financial statements.

JOINT VENTURES

Fire Department

The Township, together with the Townships of Baltimore, Irving, Rutland and Carlton has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967. The department is known as the BIRCH FIRE DEPARTMENT. The organizational agreement provides that financing of the Department's activities will be as follows:

"Each Township shall pay an amount of money equal to an agreed millage rate which shall be the same for all Townships, determined as if said millage rate was spread upon the tax roll in each Township or area of each Township served by the department. The amount of the millage shall be determined annually by the Board of Directors of BIRCH and shall be approved by each Township Board as part of the budget of BIRCH each year.

Once the millage has been determined and approved as provided above, the amount of money representing the millage in each Township can be raised by any means available to each township and does not have to be spread upon the tax roll as a 'special assessment'." Hastings Charter Township levies an additional millage for fire protection.

The Township Board of each member Township appoints one elected official to the BIRCH Board of Directors. The BIRCH Board of Directors appoints one member at large from each member Township. The member at large must be a resident and property owner in the district served.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2005**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Department (Continued)

The equity ownership of each Township which is a part of BIRCH in each major piece of fire apparatus or equipment or any personal property having a value of more than \$1,000 is determined using the percentage contribution of each Township as compared with the total contribution of all Townships during the year in which said asset was purchased. Equipment, apparatus and personal property, which is owned by BIRCH but was bought for a sum less than \$1,000, shall give each Township an equity interest in said property equal to the then current percentage of contribution of each Township as compared with the total contributions of all Townships for the current year.

Hastings Charter Township's share of the cost of fire protection remitted to BIRCH for the year ended December 31, 2005 was \$77,996.

The following information summarizes the activity of the joint venture through June 30, 2005 the most recent complete financial statements available.

| | | | |
|--------------------------------------|------------|-----------------------------------|-------------|
| Total Assets | \$ 515,438 | Total Revenues | \$ 342,066 |
| Total Liabilities | \$ - | Total Expenditures | \$ 363,840 |
| Total Unrestricted Net Assets | \$ 159,371 | Increase (Decrease) in Net Assets | \$ (21,774) |
| Total Capital Assets | \$ 356,067 | | |
| Total Joint Venture Outstanding Debt | \$ - | | |

Complete financial statements for BIRCH Fire Department can be obtained as from:

Shirley Drake, Treasurer
9938 S. M-37 Hwy
Dowling, MI 49050

Hastings Charter Township's total equity share in BIRCH Rural Fire Department is \$209,600, of which \$177,726 represents their equity interest in the fixed assets.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2005**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual; therefore, they may have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when the Township receives cash.

Taxes Receivable – The Township property tax is levied on each December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28th. After that date, they are added to the county delinquent tax rolls.

Although the Township ad valorem tax is levied and collectible on February 1st it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2005 State taxable valuation of the Township totaled \$67,110,282 on which ad valorem taxes levied consisted of .7439 mills for Township operating purposes and 1.5024 mills for library services, raising \$49,923 for operating and \$100,826 for library services. Current and delinquent property taxes collected prior to February 28 are recognized in the General Fund and Special Revenue Fund financial statements respectively.

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.
- The Library Fund is the Township's fund for library services. It accounts for the resources of library millage revenues that are restricted for use on library services. Revenues are primarily derived from property taxes.

Additionally, the government reports the following fund types:

- The Trust and Agency Fund accounts for the assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2005**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The Township's property taxes are levied and become a lien on each December 1 based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28. After that date, they are added to the county delinquent tax rolls.

The delinquent real property taxes of the Township are purchased by Barry County. The County has sold tax notes, the proceeds of which were used to pay the Township for these property taxes.

Restricted Assets - The Township has restricted assets for library services and for improvements. The funds restricted for improvements are restricted for any purpose that promotes the health, safety and welfare of the citizens of Hastings Charter Township. These funds are restricted by Ordinance 95-1, the Landfill "Impact Fee Ordinance".

Capital Assets - The Township defines Capital assets as assets with an initial cost of more than \$500 for furniture, and all other equipment and \$750 for buildings and all other improvements and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

| | |
|---------------------------|----------|
| Buildings | 40 years |
| Land Improvements | 15 years |
| Furniture | 10 years |
| Equipment | 7 years |
| Data Processing Equipment | 4 years |

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The Township Boards prepares the annual budgets prior to December 31. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2005**

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended December 31, 2005 the Township had no expenditures in certain budgetary funds, which were in excess of the amounts appropriated.

ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by Hastings Charter Township.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated six banks, two federal savings banks and an investment company for the deposit of Hastings Charter Township funds.

The Township's deposits and investments are in accordance with statutory authority.

The financial statement caption cash and cash equivalents includes \$100 of petty cash.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

| | <u>GOVERNMENTAL ACTIVITIES</u> | <u>FIDUCIARY FUNDS</u> | <u>TOTAL PRIMARY GOVERNMENT</u> |
|----------------------------------|---|-----------------------------------|--|
| Cash and Cash Equivalents | \$ 82,670 | \$ 123,890 | \$ 206,560 |
| Investments | 454,443 | - | 454,443 |
| Restricted Cash for Improvements | <u>189,970</u> | <u>-</u> | <u>189,970</u> |
| Total | <u>\$ 727,083</u> | <u>\$ 123,890</u> | <u>\$ 850,973</u> |

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2005**

DEPOSITS AND INVESTMENTS (Continued)

The breakdown between deposits and investments is:

| | <u>PRIMARY GOVERNMENT</u> |
|--|--------------------------------------|
| Bank Deposits | \$ 850,873 |
| (Checking and Savings Accounts, Certificates of Deposit) | |
| Investment in Securities | - |
| (Mutual Funds and Similar Vehicles) | |
| Petty Cash and Cash on Hand | <u>100</u> |
| Total | <u>\$ 850,973</u> |

At December 31, 2005, the Township has deposits with a carrying amount of \$850,873 and a bank balance of \$992,697. Of the bank balance, \$745,347 is covered by federal depository insurance and \$247,350 is uninsured and \$0 is collateralized.

INTERFUND RECEIVABLES AND PAYABLES

The amounts of the interfund receivables and payables are as follows:

| <u>FUND</u> | <u>INTERFUND RECEIVABLES</u> | <u>FUND</u> | <u>INTERFUND PAYABLES</u> |
|--------------------|---|--------------------|--------------------------------------|
| General | \$ 34,203 | Tax | \$ 81,811 |
| Library | <u>47,608</u> | | |
| | <u>\$ 81,811</u> | | <u>\$ 81,811</u> |

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2005**

CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

| | <u>BEGINNING BALANCE</u> | <u>INCREASES</u> | <u>DECREASES</u> | <u>ENDING BALANCE</u> |
|---|-------------------------------------|-------------------------|-------------------------|----------------------------------|
| Governmental Activities | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | \$ 58,443 | \$ - | \$ - | \$ 58,443 |
| Subtotal | <u>58,443</u> | <u>-</u> | <u>-</u> | <u>58,443</u> |
| Capital Assets Being Depreciated | | | | |
| Buildings | 74,138 | - | - | 74,138 |
| Land Improvements | 20,598 | - | - | 20,598 |
| Furniture | 11,739 | - | - | 11,739 |
| Equipment | 15,982 | - | - | 15,982 |
| Data Processing Equipment | <u>13,321</u> | <u>-</u> | <u>-</u> | <u>13,321</u> |
| Subtotal | 135,778 | - | - | 135,778 |
| Less Accumulated Depreciation for | | | | |
| Buildings | 25,732 | 1,575 | - | 27,307 |
| Land Improvements | 12,151 | 1,236 | - | 13,387 |
| Furniture | 4,277 | 899 | - | 5,176 |
| Equipment | 12,104 | 932 | - | 13,036 |
| Data Processing Equipment | <u>11,847</u> | <u>506</u> | <u>-</u> | <u>12,353</u> |
| Subtotal | <u>66,111</u> | <u>5,148</u> | <u>-</u> | <u>71,259</u> |
| Net Capital Assets Being Depreciated | <u>69,667</u> | <u>(5,148)</u> | <u>-</u> | <u>64,519</u> |
| Governmental Activities Total Capital Assets- Net of Depreciation | <u>\$ 128,110</u> | <u>\$ (5,148)</u> | <u>\$ -</u> | <u>\$ 122,962</u> |

Depreciation expense was charged to programs as follows:

| | |
|-------------------------------|-----------------|
| Governmental Activities | |
| General Government | <u>\$ 5,148</u> |
| Total Governmental Activities | <u>\$ 5,148</u> |

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2005**

EMPLOYEE'S RETIREMENT SYSTEM - DEFINED CONTRIBUTION PLAN

The Township contributes to a defined contribution pension plan for its employees. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeiture of other participants' benefits that may be allocated to such participant's account.

The retirement funds are held in individual self-directed accounts held by the participants. Under the plan there is no age requirement and all employees who earn greater than \$450 per year are eligible. Contributions by the Township vest immediately. The Township contributes 25% of the participants' gross earnings. Voluntary employee contributions are not allowed.

During the year, the Township's required and actual contributions amounted to \$14,091, which was 25.00% of its current-year covered payroll of \$56,363. The total fiscal year payroll was \$56,885. No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township manages its risk exposure through a combination of risk management pools and commercial insurance. The Township has insurance provided by an independent insurance company for worker's compensation. Following is a summary of the risk management pool participation.

The Township participates in the Michigan Township Participating Plan (Par Plan) for property, general liability, and employee bond coverage. The Michigan Township Participating Plan was established in April 1985, pursuant to laws of the State of Michigan, which authorizes local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the plan is to jointly exercise powers common to each participating member to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect any member of the authority against liability or loss.

The Michigan Township Participating Plan, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Par Plan. Due to this reinsurance purchase, there is no pooling of risk between members. The plan has protected itself in the event reinsurance becomes uncollectible by purchasing a reinsurance treaty for uncollectible reinsurance.

The Par Plan chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The individual members are responsible for their self-retention amounts (deductibles), which vary from member to member.

At December 31, 2005, there were no claims that exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

HASTINGS CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2005

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|--------------------------------------|----------------------------|---------------------------|----------------|---|
| Beginning of Year Fund Balance | \$ 858,046 | \$ 858,046 | \$ 858,046 | \$ - |
| Resources (Inflows) | | | | |
| Taxes and Penalties | 62,783 | 62,783 | 69,194 | 6,411 |
| Licenses and Permits | 2,500 | 2,500 | 2,574 | 74 |
| State Grants | 205,000 | 205,000 | 204,299 | (701) |
| Charges for Services | 1,000 | 1,000 | 4,000 | 3,000 |
| Interest and Rents | 14,000 | 14,000 | 17,833 | 3,833 |
| Other Revenue | <u>17,200</u> | <u>17,200</u> | <u>15,002</u> | <u>(2,198)</u> |
| Amounts Available for Appropriation | <u>302,483</u> | <u>302,483</u> | <u>312,902</u> | <u>10,419</u> |
| Charges to Appropriations (Outflows) | | | | |
| Legislative | 18,700 | 23,700 | 21,972 | 1,728 |
| General Government | | | | |
| Supervisor | 19,456 | 19,456 | 19,108 | 348 |
| Elections | 1,200 | 3,700 | 3,353 | 347 |
| Assessor | 33,200 | 36,615 | 36,612 | 3 |
| Clerk | 23,356 | 23,356 | 22,595 | 761 |
| Board of Review | 3,150 | 3,150 | 2,576 | 574 |
| Treasurer | 23,613 | 23,613 | 22,910 | 703 |
| Township Hall | 9,206 | 10,206 | 10,125 | 81 |
| Cemetery | 8,244 | 8,244 | 7,426 | 818 |
| Public Safety | | | | |
| Police | 26,000 | 26,000 | - | 26,000 |
| Fire | 76,235 | 78,000 | 77,996 | 4 |
| Public Works | | | | |
| Highways | 90,000 | 90,000 | 72,479 | 17,521 |
| Street Lighting | 140 | 240 | 205 | 35 |
| Health and Welfare | | | | |
| Green Gables | - | 2,100 | 2,100 | - |
| Recreational and Cultural | | | | |
| YMCA | 3,200 | 3,500 | 3,500 | - |
| Other | <u>7,500</u> | <u>7,500</u> | <u>7,493</u> | <u>7</u> |
| Total Charges to Appropriations | <u>343,200</u> | <u>359,380</u> | <u>310,450</u> | <u>48,930</u> |

HASTINGS CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND- Continued
For the Year Ended December 31, 2005

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|----------------------------------|----------------------------|---------------------------|-------------------|---|
| Excess of Resources Over (Under) | | | | |
| Appropriations | <u>(40,717)</u> | <u>(56,897)</u> | <u>2,452</u> | <u>59,349</u> |
| Budgetary Fund Balance | | | | |
| December 31, 2005 | <u>\$ 817,329</u> | <u>\$ 801,149</u> | <u>\$ 860,498</u> | <u>\$ 59,349</u> |

HASTINGS CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - LIBRARY FUND
For the Year Ended December 31, 2005

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|--------------------------------------|----------------------------|---------------------------|------------------|---|
| Beginning of Year Fund Balance | \$ 86,251 | \$ 86,251 | \$ 86,251 | \$ - |
| Resources (Inflows) | | | | |
| Taxes and Penalties | <u>95,974</u> | <u>95,974</u> | <u>102,008</u> | <u>6,034</u> |
| Amounts Available for Appropriation | <u>95,974</u> | <u>95,974</u> | <u>102,008</u> | <u>6,034</u> |
| Charges to Appropriations (Outflows) | | | | |
| Recreation and Cultural | | | | |
| Library | <u>95,974</u> | <u>96,124</u> | <u>96,058</u> | <u>66</u> |
| Total Charges to Appropriations | <u>95,974</u> | <u>96,124</u> | <u>96,058</u> | <u>66</u> |
| Excess of Resources Over (Under) | | | | |
| Appropriations | <u>-</u> | <u>(150)</u> | <u>5,950</u> | <u>6,100</u> |
| Budgetary Fund Balance- | | | | |
| December 31, 2005 | <u>\$ 86,251</u> | <u>\$ 86,101</u> | <u>\$ 92,201</u> | <u>\$ 6,100</u> |

HASTINGS CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2005

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|----------------------------|----------------------------|---------------------------|----------------|---|
| Revenues | | | | |
| Taxes and Penalties: | | | | |
| Property Taxes | | | \$ 45,647 | |
| Delinquent Property Tax | | | 4,894 | |
| Collection Fees | | | 18,397 | |
| Trailer Park Fees | | | 256 | |
| Total Taxes and Penalties | \$ 62,783 | \$ 62,783 | <u>69,194</u> | \$ 6,411 |
| Licenses and Permits: | | | | |
| Cable TV Fees | | | <u>2,574</u> | |
| Total Licenses and Permits | 2,500 | 2,500 | <u>2,574</u> | 74 |
| State Grants: | | | | |
| State Revenue Sharing | | | 200,379 | |
| Other | | | <u>3,920</u> | |
| Total State Grants | 205,000 | 205,000 | <u>204,299</u> | (701) |
| Charges for Services: | | | | |
| Sale of Cemetery Lots | | | <u>4,000</u> | |
| Total Charges for Services | 1,000 | 1,000 | <u>4,000</u> | 3,000 |
| Interest and Rentals: | | | | |
| Interest | | | <u>17,833</u> | |
| Total Interest and Rentals | 14,000 | 14,000 | <u>17,833</u> | 3,833 |
| Other Revenue: | | | | |
| Land Impact Fees | | | 10,480 | |
| Metro Act | | | 2,489 | |
| Reimbursements | | | 1,072 | |
| Miscellaneous | | | <u>961</u> | |
| Total Other Revenue | <u>17,200</u> | <u>17,200</u> | <u>15,002</u> | <u>(2,198)</u> |
| Total Revenues | <u>302,483</u> | <u>302,483</u> | <u>312,902</u> | <u>10,419</u> |

HASTINGS CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2005

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|----------------------------|----------------------------|---------------------------|---------------|---|
| Expenditures | | | | |
| Legislative: | | | | |
| Township Board: | | | | |
| Per Diem and Fees | | | 4,590 | |
| Payroll Taxes | | | 67 | |
| Pension | | | 1,188 | |
| Office Supplies | | | 2,417 | |
| Professional Fees | | | 10,028 | |
| Dues and Training | | | 1,499 | |
| Printing and Publications | | | 614 | |
| Software Support | | | 840 | |
| Repairs and Maintenance | | | 635 | |
| Miscellaneous | | | <u>94</u> | |
| Total Legislative | <u>18,700</u> | <u>23,700</u> | <u>21,972</u> | <u>1,728</u> |
| General Government: | | | | |
| Supervisor: | | | | |
| Salary | | | 14,397 | |
| Payroll Taxes | | | 209 | |
| Pension | | | 3,609 | |
| Mileage | | | 491 | |
| Dues and Training | | | 395 | |
| Miscellaneous | | | <u>7</u> | |
| Total Supervisor | 19,456 | 19,456 | <u>19,108</u> | 348 |
| Elections: | | | | |
| Salary | | | 1,013 | |
| Payroll Taxes | | | 26 | |
| Pension | | | 85 | |
| Printing and Publishing | | | 151 | |
| Supplies | | | 1,423 | |
| Miscellaneous | | | <u>655</u> | |
| Total Elections | 1,200 | 3,700 | <u>3,353</u> | 347 |
| Assessor: | | | | |
| Contracted Services | | | 35,530 | |
| Miscellaneous | | | <u>1,082</u> | |
| Total Assessor | 33,200 | 36,615 | <u>36,612</u> | 3 |

HASTINGS CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2005

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|--|----------------------------|---------------------------|---------------|---|
| Expenditures (Continued) | | | | |
| General Government (Continued): | | | | |
| Clerk: | | | | |
| Salary | | | 16,799 | |
| Other Wages | | | 550 | |
| Payroll Taxes | | | 297 | |
| Pension | | | 4,395 | |
| Mileage | | | 431 | |
| Dues and Training | | | 110 | |
| Miscellaneous | | | <u>13</u> | |
| Total Clerk | 23,356 | 23,356 | <u>22,595</u> | 761 |
| Board of Review: | | | | |
| Salary | | | 1,760 | |
| Payroll Taxes | | | 135 | |
| Pension | | | 470 | |
| Printing and Publications | | | 180 | |
| Miscellaneous | | | <u>31</u> | |
| Total Board of Review | 3,150 | 3,150 | <u>2,576</u> | 574 |
| Treasurer: | | | | |
| Salary | | | 17,125 | |
| Other Wages | | | 650 | |
| Payroll Taxes | | | 50 | |
| Pension | | | 4,464 | |
| Mileage | | | 297 | |
| Dues and Training | | | 250 | |
| Miscellaneous | | | <u>74</u> | |
| Total Treasurer | 23,613 | 23,613 | <u>22,910</u> | 703 |
| Township Hall: | | | | |
| Contracted Services | | | 4,011 | |
| Supplies | | | 61 | |
| Utilities | | | 2,835 | |
| Repairs and Maintenance | | | 2,761 | |
| Miscellaneous | | | <u>457</u> | |
| Total Township Hall | 9,206 | 10,206 | <u>10,125</u> | 81 |

HASTINGS CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2005

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|--|----------------------------|---------------------------|----------------|---|
| Expenditures (Continued) | | | | |
| General Government (Continued): | | | | |
| Cemetery: | | | | |
| Contracted Services | | | 6,694 | |
| Supplies | | | 310 | |
| Repairs and Maintenance | | | 183 | |
| Miscellaneous | | | 239 | |
| Total Cemetery | <u>8,244</u> | <u>8,244</u> | <u>7,426</u> | <u>818</u> |
| Total General Government | <u>121,425</u> | <u>128,340</u> | <u>124,705</u> | <u>3,635</u> |
| Public Safety: | | | | |
| Police: | | | | |
| Contracted Services | | | - | |
| Total Police | <u>26,000</u> | <u>26,000</u> | <u>-</u> | <u>26,000</u> |
| Fire Protection: | | | | |
| Contracted Services | | | 77,996 | |
| Total Fire Protection | <u>76,235</u> | <u>78,000</u> | <u>77,996</u> | <u>4</u> |
| Total Public Safety | <u>102,235</u> | <u>104,000</u> | <u>77,996</u> | <u>26,004</u> |
| Public Works: | | | | |
| Highways: | | | | |
| Repairs and Maintenance | | | 72,479 | |
| Total Highways | <u>90,000</u> | <u>90,000</u> | <u>72,479</u> | <u>17,521</u> |
| Street Lighting: | | | | |
| Utilities | | | 205 | |
| Total Street Lighting | <u>140</u> | <u>240</u> | <u>205</u> | <u>35</u> |
| Total Public Works | <u>90,140</u> | <u>90,240</u> | <u>72,684</u> | <u>17,556</u> |
| Health and Welfare | | | | |
| Green Gables: | | | | |
| Contracted Services | | | 2,100 | |
| Total Green Gables | <u>-</u> | <u>2,100</u> | <u>2,100</u> | <u>-</u> |
| Total Health and Welfare | <u>-</u> | <u>2,100</u> | <u>2,100</u> | <u>-</u> |

HASTINGS CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2005

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|-----------------------------------|----------------------------|---------------------------|-------------------|---|
| Expenditures (Continued) | | | | |
| Recreational and Cultural: | | | | |
| YMCA: | | | | |
| Contracted Services | | | <u>3,500</u> | |
| Total YMCA | <u>3,200</u> | <u>3,500</u> | <u>3,500</u> | <u>-</u> |
| Total Recreational and Cultural | <u>3,200</u> | <u>3,500</u> | <u>3,500</u> | <u>-</u> |
| Other: | | | | |
| Insurance and Bonds | <u>7,500</u> | <u>7,500</u> | <u>7,493</u> | <u>7</u> |
| Total Other | <u>7,500</u> | <u>7,500</u> | <u>7,493</u> | <u>7</u> |
| Total Expenditures | <u>343,200</u> | <u>359,380</u> | <u>310,450</u> | <u>48,930</u> |
| Excess of Revenues Over (Under) | | | | |
| Expenditures | <u>(40,717)</u> | <u>(56,897)</u> | <u>2,452</u> | <u>59,349</u> |
| Fund Balance-January 1, 2005 | <u>858,046</u> | <u>858,046</u> | <u>858,046</u> | <u>-</u> |
| Fund Balance-December 31, 2005 | <u>\$ 817,329</u> | <u>\$ 801,149</u> | <u>\$ 860,498</u> | <u>\$ 59,349</u> |